

Message Text

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45

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IGA-01

AID-05 EB-07 AGR-05 COME-00 OMB-01 TRSE-00 IO-10

STR-04 CIEP-01 /089 W

----- 018537

R 070750Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9200

INFO AMEMBASSY SEOUL

C O N F I D E N T I A L TOKYO 4484

E.O. 11652: GDS

TAGS: EAID, JA, KS

SUBJ: JAPANESE AID TO KOREA

REF: SEOUL 2228

1. DURING CONVERSATIONS WITH EMBOFF MARCH 28 AND APRIL 4, FONOFF REP (SEZAKI, DEPUTY DIRECTOR, FIRST ECONOMIC COOPERATION DIVISION) SAID THAT GOJ WILL PLEDGE TWO NEW LOANS TO KOREA, ALONG LINES REFTEL, AT WORKING LEVEL MEETING ON AID SCHEDULED FOR APRIL 7 IN SEOUL. SEZAKI, HOWEVER, PROVIDED DETAILS SOMEWHAT DIFFERENT FROM THOSE REPORTED REFTEL: LOAN FOR PUPYONG HARBOR DEVELOPMENT WILL BE FOR 12.42 BILLION YEN (42.53 MILLION DOLLARS AT 292 YEN/DOLLAR). TERMS WILL BE 3.5 PERCENT INTEREST WITH REPAYMENT OVER TWENTY YEARS (INCLUDING SEVEN YEARS' GRACE). LOAN WILL BE UNTIED FOR PROCUREMENT IN LDC'S. LOAN FOR AGRICULTURAL DEVELOPMENT WILL BE FOR 11 BILLION YEN (37.7 MILLION DOLLARS), AT 5.75 PERCENT INTEREST, WITH REPAYMENT OVER 15 YEARS (INCLUDING 5 YEARS' GRACE). THIS LOAN WILL BE UNTIED FOR PROCUREMENT IN LDC'S EXCLUDING KOREA. ACCORDING TO SEZAKI, LOAN CAN BE USED TO PURCHASE BROAD RANGE OF EQUIPMENT FOR EITHER OF TWO PURPOSES: ATTAINING
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SELF-SUFFICIENCY IN FOOD PRODUCTION AND NARROWING

RURAL-URBAN INCOME GAP.

2. IN RESPONSE TO EMBOFF'S QUESTION, SEZAKI CONFIRMED EMBOFF'S UNDERSTANDING THAT WORKING LEVEL AID DISCUSSIONS HAD CONTINUED WITHOUT INTERRUPTION IN SPITE OF STRAINS IN JAPAN-KOREA RELATIONSHIP CAUSED BY ARREST OF TWO JAPANESE STUDENTS AND PARK ASSASSINATION ATTEMPT. SEZAKI ALSO DENIED PRESS REPORTS TO EFFECT THAT SIGNING OF PARTICULAR LOAN AGREEMENTS (WHICH FOLLOW EXCHANGES OF DIPLOMATIC NOTES IN GOJ AID DISBURSEMENT PROCESS) HAD BEEN HELD UP BECAUSE OF POLITICAL PROBLEMS AND THEN SIGNED FOLLOWING RELEASE OF TWO STUDENTS. SEZAKI EXPLAINED THAT DIFFICULTY OF GOJ INTERMINISTERIAL NEGOTIATIONS, IN PARTICULAR BECAUSE OF FINANCE MINISTRY RESISTANCE TO ROK REQUEST FOR 50 MILLION DOLLAR COMMODITY LOAN, HAD CAUSED DELAY IN AGREEING TO THE TWO NEW LOANS. THE ROK SUSPECTS THE DELAY RESULTED FROM POLITICAL REASONS, SAID SEZAKI, BUT THIS IS NOT THE CASE. THE REASONS WERE PURELY TECHNICAL AND BUREAUCRATIC. SHOESMITH

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